

BILL # SB 1020

TITLE: aircraft license taxes; antique; classic

SPONSOR: Arzberger

STATUS: As Introduced

REQUESTED BY: Senate

PREPARED BY: Tim Everill

FISCAL ANALYSIS

Description

SB 1020 expands the definition of antique and classic aircraft for purposes of the state's Aircraft License Tax. Antique aircraft are currently defined as aircraft manufactured before January 1, 1941, and classic aircraft are defined as those manufactured after January 1, 1941, and before January 1, 1956. SB 1020 changes the definition of antique aircraft to those that are 50 years old or older. The bill also changes the definition of classic aircraft to those that are at least 40 years old, but not more than 49 years old.

Estimated Impact

Based on information provided by the Arizona Department of Transportation (ADOT), this bill will reduce State Aviation Fund revenues by an estimated \$(170,000) annually beginning in FY 2005.

Analysis

The state imposes an annual license tax on all aircraft registered in the state. The tax rate for most aircraft is generally 0.5% of the fair market value of the aircraft, with a \$20 per year minimum tax. The annual license tax on "special aircraft", which includes antique, classic, warbird, glider, experimental, homebuilt and balloon aircraft, is equal to the minimum tax rate of \$20 per year.

This bill would add aircraft manufactured between 1941 and 1955 to the antique aircraft category. It would also add aircraft manufactured between 1956 and 1965 to the classic aircraft category. The Aeronautics Division of ADOT estimates that this change in definition would add approximately 700 aircraft to these two categories of special aircraft. By taxing these aircraft at the minimum tax rate of \$20 per year rather than at 0.5% of their value, the Aeronautics Division estimates that the Aviation Fund would lose approximately \$(170,000) per year beginning in FY 2005.

Local Government Impact

None.